A/53/5/Add.8

United Nations

United Nations Habitat and Human Settlements Foundation

Financial report and audited financial statements

for the biennium ended 31 December 1997 and

Report of the Board of Auditors

General Assembly
Official Records
Fifty-third Session
Supplement No. 5H (A/53/5/Add.8)

General Assembly
Official Records
Fifty-third Session
Supplement No. 5H (A/53/5/Add.8)

United Nations Habitat and Human Settlements Foundation

Financial report and audited financial statements

for the biennium ended 31 December 1997 and

Report of the Board of Auditors

United Nations • New York, 1998

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ISSN 0257-0629

[Original: English]
[29 July 1998]

Contents

Chapter			Page
	Letters of transmittal		vi
I.	Financial report for the biennium ended 31 December 1997		1
II.	Report of the Board of Auditors		3
	Summary		3
	A.	Introduction	4
	B.	Financial issues	5
	C.	Management issues	8
	D.	Acknowledgement	12
	Annex. Follow-up on actions taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1995		13
III.	Audit opinion		16
IV.	Certification of the financial statements		17
V.	Financial statements for the biennium ended 31 December 1997		19
	A.	United Nations Habitat and Human Settlements Foundation	19
	Statement I	Foundation: statement of income and expenditure and changes in reserves and fund balance for the biennium ended 31 December 1997	20
	Schedule 1.1	Foundation (non-earmarked funds): status of allocations for the biennium ended 31 December 1997 for programme activities	21
	Schedule 1.2 (a)	Foundation (non-earmarked projects): status of allocations for the biennium ended 31 December 1997 for project activities	22
	Schedule 1.2 (b)	Foundation (earmarked projects): status of allocations for the biennium ended 31 December 1997 for project activities	23
	Schedule 1.3	Foundation: project expenditure by country and by region for the biennium ended 31 December 1997	24
	Schedule 1.4	Foundation: summary of appropriations, allocations/allotments issued, expenditures incurred and unexpended balance of appropriations and allotments for programme activities for the biennium ended 31 December 1997	25
	Statement II	Foundation: statement of assets, liabilities, reserves and fund balance at 31 December 1997	26
	Schedule 2.1 (a)	Foundation: status of non-earmarked contributions and unpaid pledges as at 31 December 1997	27

Schedule 2.1 (b)	Foundation: status of earmarked contributions and unpaid pledges as at 31 December 1997	31
Schedule 2.2	International Year of Shelter: status of unpaid pledges for the biennium ended 31 December 1997 for the International Year of Shelter for the Homeless	32
Schedule 2.3	Foundation: convertible cash and bank deposits as at 31 December 1997	33
Schedule 2.4	Non-convertible cash and bank deposits as at 31 December 1997	34
Schedule 2.5	United Nations Habitat and Human Settlements Foundation all funds summary: statement of cash flows for the biennium ended 31 December 1997	35
Statement III	DANIDA: statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities	36
Schedule 3.1	DANIDA: status of allocations for the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities	37
Schedule 3.2	DANIDA: status of unpaid pledges for the first year of the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities	38
Schedule 3.3	DANIDA: project expenditure by country and by region for the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities	39
Statement IV	DANIDA: statement of assets, liabilities and fund balance at 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities	40
Statement V	International Year of Shelter: statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997 for the International Year of Shelter for the Homeless	41
Statement VI	Foundation/DANIDA/Centre: combined statement of assets, liabilities, reserves and fund balance at 31 December 1997 for the Foundation and the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for projects	42
Statement VII	Government of Italy: statement of income and expenditure for the biennium ended 31 December 1997 for project activities funded by the Government of Italy	43
Schedule 7.1	Government of Italy: status of allocations for the biennium ended 31 December 1997 for project activities funded by the Government of Italy	44
Schedule 7.2	Government of Italy: project expenditure by country and by region for the biennium ended 31 December 1997 for project activities funded by the Government of Italy	45

Statement VIII	Special account for programme support costs: statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997 for the special account for programme support costs	46
Schedule 8.1	Special account for programme support costs: status of allocations for the biennium ended 31 December 1997 for the special account for programme support costs	47
Statement IX	Special account for programme support costs: statement of assets and liabilities and fund balance at 31 December 1997 for the special account for programme support costs	48
B.	United Nations Conference on Human Settlements (Habitat II)	49
Statement X	Habitat II Conference: statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997	50
Schedule 10.1	Habitat II Conference: Trust Fund I: status of contributions and unpaid pledges for the biennium ended 31 December 1997 for Habitat II Trust Fund I: the preparatory process	51
Schedule 10.2	Habitat II Conference: Trust Fund II: status of contributions and unpaid pledges for the biennium ended 31 December 1997 for Habitat II Trust Fund II: support to developing countries	52
Schedule 10.3	Habitat II Conference: Trust Fund I: status of allocations and expenditures for the biennium ended 31 December 1997 for Trust Fund I: Habitat II preparatory process	53
Schedule 10.4	Habitat II Conference: Trust Fund II: status of allocations and expenditures for the biennium ended 31 December 1997 for Trust Fund II: Habitat II support to developing countries	54
Statement XI	Habitat II Conference: consolidated statement of assets and liabilities and fund balance as at 31 December 1997	55
Notes to the financial statements		56

Letters of transmittal

22 April 1998

Sir,

Pursuant to regulation 11.4 of the Financial Regulations of the United Nations, as amended by the General Assembly in its resolution 3192 (XXVIII) of 18 December 1973, and rule 311.4 of the Financial Rules of the United Nations Habitat and Human Settlements Foundation, I have the honour to transmit the financial report and accounts of the Foundation, including associated trust funds and other related accounts, for the biennium ended 31 December 1997 which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(*Signed*) Klaus **Topfer**
Director-General
United Nations Office at Nairobi

The Chairman of the Board of Auditors
United Nations
New York

15 July 1998

Sir,

I have the honour to transmit to you the financial statements of the United Nations Habitat and Human Settlements Foundation, including the United Nations Conference on Human Settlements (Habitat II), for the biennium 1996–1997 ended 31 December 1997, which were submitted by the Director-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(*Signed*) Vijay Krishna **Shunglu**
Comptroller and Auditor General of India
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 1997

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts of the United Nations Habitat and Human Settlements Foundation, including associated trust funds and other related accounts, for the biennium ended 31 December 1997. The accounts consist of 11 statements supported by 19 schedules, and notes to the financial statements. The financial statements have been prepared in conformity with the United Nations System Accounting Standards. The accounts were submitted to the Board of Auditors in accordance with regulation 11.4 of the Financial Regulations of the United Nations.

2. As prescribed by regulation 2.1, the financial period of the organization comprises two consecutive calendar years, the first one of which shall be an even year. On the recommendation of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions, the General Assembly at its twenty-ninth session decided that there was no need for the Board to submit a formal audit report to the Assembly to cover the first year of the biennium. It was further agreed that, should the Board's work in auditing transactions that occurred in the accounts of the first year reveal situations that should be brought to the attention of Member States, the Board would report these to the Advisory Committee, which, if it thought necessary, would bring them to the attention of the Assembly. The Board of Auditors conducted an interim audit of these accounts and did not report to the Advisory Committee any situation that should be brought to the attention of Member States.

3. Comparative figures for the biennium 1994–1995, as appropriate, have been reflected in the financial statements. The size of the present financial report has been kept to a minimum in accordance with United Nations guidelines. Each statement is followed by the relevant corresponding supporting schedules. The notes to the accounts have also been moved from the beginning to the end of the report.

4. The financial statements and schedules, as well as the notes thereon, are to be considered as an integral part of the financial report.

Levels of appropriations, allocations/allotments, expenditures and commitments

5. The Commission on Human Settlements, in its decision 16/29 of 7 May 1997, approved for the biennium 1996–1997 a revised level of expenditures for Foundation project activities of $17,114,600 and a revised appropriation of $5,270,600 for the programme and programme support costs budget.

6. The total appropriations, allocations/allotments and expenditures in respect of programme and programme support costs activities for the biennium ended 31 December 1997 were as follows (in United States dollars):

	Appropriations	*Allocations allotments issued*	*Expenditures*[a]	*Unexpended appropriations*	*Unexpended allocations allotments*
Programme and programme support costs	5 270 600	5 270 600	4 505 080	765 520	765 520

[a] Foundation (schedule 1.1).

7. The expenditures for programme and programme support activities (schedule 1.1) were incurred against a revised allotment of $5,270,600 approved by the Executive Director for the biennium ended 31 December 1997, and against a revised allocation of $1,134,400 for the special account for programme support costs (schedule 8.1), broken down by programme as follows (in United States dollars):

Programme	*1996-1997*	*1994-1995*
Executive direction and management	298 635	541 028
Programme and programme support costs	4 206 445	5 384 310
Subtotal (schedule 1.1)	4 505 080	5 925 338
Special account for programme support costs (schedule 8.1)	1 133 629	647 640
Total expenditure	**5 638 709**	**6 572 978**

8. Total expenditure of the Foundation during the biennium ended 31 December 1997 was distributed as follows:

	1996-1997	*1994-1995*
Programme and programme support costs (schedules 1.1 and 8.1)	5 638 709	6 572 978
Project costs (schedules 1.2, 3.1 and 7.1)	18 612 546	17 136 523
Total expenditure	**24 251 255**	**23 709 501**

Chapter II

Report of the Board of Auditors

Summary

The Board of Auditors has audited the operations of the United Nations Centre for Human Settlements (Habitat), at its headquarters in Nairobi. The Board also validated the financial statements of the United Nations Habitat and Human Settlements Foundation and of the United Nations Conference on Human Settlements (Habitat II) for the period from 1 January 1996 to 31 December 1997.

The Board's main findings are as follows:

(a) The financial statements of the Foundation and Habitat II for the biennium ended 31 December 1997 are generally consistent with the provisions of the United Nations System Accounting Standards, except for contributions-in-kind and accounting for contributions;

(b) Non-earmarked contributions as a proportion of total contributions collected during the biennium declined to 41 per cent in 1996–1997, compared with 92 per cent in 1990–1991, restricting the scope of the Centre to undertake its own initiated projects and programmes;

(c) At 31 December 1997, the ratio of current assets to current liabilities was 1.46:1, below the recommended level of 2:1;

(d) There were time overruns in more than half the projects, and in 137 of 154 projects that were operationally closed during the biennium, financial closure had not taken place;

(e) The Administration had succeeded in reducing the number of consultants and the expenditure on them within the biennium.

The Board's key recommendations are:

(a) The Centre should prepare the financial statements in conformity with the United Nations System Accounting Standards;

(b) The Administration should review the basis of its fund-raising strategy, with the aim of increasing the quantum of contributions, especially those that are not earmarked;

(c) The Administration should analyse the reasons for substantial time overruns in projects and take corrective measures;

(d) The Administration should set a time-frame for closing the projects financially soon after their operational closure.

A list of the Board's main recommendations is included in paragraph 11 of the present report.

A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations Habitat and Human Settlements Foundation and the United Nations Conference on Human Settlements (Habitat II) for the period from 1 January 1996 to 31 December 1997 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article XII of the Financial Regulations of the United Nations and the annex thereto and the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These auditing standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 January to 31 December 1997 had been incurred for the purposes approved by the General Assembly; whether income and expenditures were properly classified and recorded in accordance with the Financial Regulations and Rules; and whether the financial statements of the United Nations Habitat and Human Settlements Foundation and Habitat II presented fairly the financial position as at 31 December 1997. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent the Board considered necessary to form an opinion on the financial statements.

3. The audit was carried out at the headquarters of the United Nations Centre for Human Settlements (Habitat) in Nairobi.

4. In addition to the audit of accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations of the United Nations. The reviews included the internal financial control, programme management and, in general, the administration and management of the Centre.

5. The functions relating to human resource management and other staff-related services, common conference services, finance operations, general support services including contracts and procurement, and information facilities were transferred to the United Nations Office at Nairobi with effect from 1 January 1996.

6. The Board continued its practice of reporting the results of specific audits to the Administration through management letters containing detailed observations and recommendations. This practice helped in maintaining an ongoing dialogue with the Administration on audit issues.

7. A summary of main recommendations is contained in paragraph 11. The detailed findings of the audit are reported in paragraphs 12 to 55.

8. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations on all matters contained in the report were communicated to the Administration, which confirmed the facts on which the Board's observations and conclusions are based and provided explanations and answers to the Board's queries. The report is divided into two parts, covering the audit of the financial issues and management issues, respectively.

1. Previous recommendations not fully implemented

9. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has highlighted separately below those recommendations that

have not been fully implemented by the Administration. The years shown in parentheses (starting from the biennium 1990–1991) are those in which recommendations were made by the Board:

(a) Weaknesses in project coordination and management control should be identified with a view to improve project implementation (1990–1991, 1992–1993 and 1994–1995);

(b) Financial statements should be prepared in conformity with the United Nations Accounting Standards (1992–1993 and 1994–1995).

The Board trusts that the Administration will take firm action to rectify these deficiencies.

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made by the Board in its report for the period ended 31 December 1995. Details of actions taken by the Administration and the comments of the Board are set out in the annex to the present report.

2. Main recommendations

11. The Board recommends that the Administration:

(a) Prepare the financial statements in conformity with the United Nations System Accounting Standards (para. 16);

(b) Review the need for starting an operating reserve in accordance with administrative instructions (para. 20);

(c) Review the basis of its fund-raising strategy, with the aim of increasing the quantum of contributions, especially those that are not earmarked (para. 28);

(d) Analyse the reasons for substantial time overruns in projects and take corrective measures (para. 36);

(e) Set a time-frame for closing the projects financially soon after their operational closure (para. 38);

(f) Ensure that full documentation is maintained in the relevant project files and enhance the information in the statement of closed projects to show full details of project out-turn and delivery as a means of evaluating performance (para. 41);

(g) Take steps to generate information on actual costs of production and other expenses in order to control costs and help in the pricing of publications (para. 49);

(h) Finalize contracts with transparency and in accordance with the financial rules, and obtain the requisite approvals before the contracts are awarded (para. 53).

B. Financial issues

1. Financial statements

United Nations System Accounting Standards

12. The Board assessed the extent to which the financial statements of the Foundation and Habitat II for the biennium ended 31 December 1997 conform to the United Nations System Accounting Standards. The review indicated that the presentation of the financial statements is generally consistent with the standards except for contributions-in-kind and accounting for contributions, as discussed below.

Contributions-in-kind

13. Contributions-in-kind received for the preparatory process of Habitat II with a value estimated by the Administration to be in the range of $17.1 million, were not disclosed contrary to the United Nations System Accounting Standards. The United Nations Office at Nairobi stated that since it was not possible to quantify accurately the value of all those contributions they had been omitted from the statements.

Accounting for contributions

14. Unpaid pledges for future years, amounting to $868,958, which were neither due nor collected by the end of the biennium, were incorrectly taken into the accounts of the Foundation for the biennium. This resulted in overstatement of both assets and liabilities by the same amount. The Board considers that unpaid pledges for future years that are neither due nor collected do not form part of assets and liabilities of the current financial period.

15. According to paragraph 35 of the United Nations System Accounting Standards (A/48/530, annex), voluntary contributions received to fund specific activities are recorded as income only when received. The Board noted that contrary to the Standards, UNCHS had accounted for contributions of $28,462 for special projects from two Member States as income in the accounts of the Foundation, although such income had not been received.

16. **The Board recommends that the Administration prepare the financial statements in conformity with the United Nations System Accounting Standards.**

Non-apportionment of interest income

17. The administrative instructions for maintenance of programme support accounts recognize interest income in these accounts. The Board noted that an amount of $81,786 had been accounted for as interest income of the Foundation without apportioning it to the special account for programme support costs. The Board considers that interest income should be allocated based on cash balances available for investment in each fund as exhibited in the statement of cash flows.

18. **The Board recommends that the Administration ensure full compliance with the administrative instructions.**

Non-maintenance of operating reserve

19. The administrative instructions require that an operating reserve maintained at the level of 20 per cent of the estimated annual programme support income be held in a separate account at all times to protect against unforeseen requirements. The Board noted that, although some $165,000 should have been held as operating reserve under this instruction, no reserve was maintained.

20. **The Board recommends that the Administration review the need for maintaining an operating reserve in accordance with administrative instructions.**

Overestimation of income from contributions

21. Actual income in 1996–1997, at $14.75 million, was only 61.5 per cent of the original estimate ($24 million) and 79.5 per cent of the revised estimate ($18.6 million). The position of actual income vis-à-vis that expected by the Foundation since 1990–1991 is indicated in table 1 below:

Table 1
Actual compared to estimated income from contributions
(Millions of United States dollars)

Biennium	*Original estimate of income*	*Actual income*	*Actual income as a percentage of estimated income*
1990–1991	8.5	14.11	166
1992–1993	10.5	12.68	121
1994–1995	18.2	11.78	65
1996–1997	24.0	14.75	62

22. The Board noted that while the estimates of income by the Administration increased from $8.5 million in 1990–1991 to $24.0 million in 1996–1997, actual income remained between $11.0 million and $15.0 million.

23. The Administration stated that for some reason Member States had not provided voluntary contributions as expected and that the Foundation had realized the decreasing trend and lowered the income estimates for 1998–1999. The Centre also made a decision to estimate the income for the biennium 2000–2001 on a more realistic basis.

24. The Board also noted that there were substantial savings with reference to appropriations and allotments. Of the total appropriations and allotments of $21.12 million during the biennium, the total expenditure of the Foundation was $14.23 million. The actual expenditure in non-earmarked projects was 41 per cent of the allotments. The Board noted large savings in areas such as sub-contracts and equipment.

25. The Administration stated that the problem was a result of overestimation of income. Although Foundation reserves were depleted, allotments were issued based on appropriations. The Administration added that expenditure, however, was kept within the available resources by rephasing, postponing or cancelling some activities under non-earmarked projects and sub-contracts.

Collection of pledges

26. The Board's review disclosed that in the contributions collected during a biennium the proportion of non-earmarked contributions declined steadily from 92 per cent ($14.74 million) in 1990–1991 to 41 per cent ($5.34 million) in 1996–1997, as shown in table 2 below:

Table 2
Collection of pledges
(Millions of United States dollars)

		Pledges collected				
Biennium	*Pledges due for collection*	*Non-earmarked*	*Earmarked*	*Total*	*Unpaid pledges for current and prior periods*	*Non-earmarked contributions as a percentage of total collections*
1990–1991	15.05	14.74	1.26	16.00	1.35	92
1992–1993	13.79	10.15	2.46	12.61	1.18	80
1994–1995	12.55	7.57	3.84	11.41	1.14	66
1996–1997	14.72	5.34	7.75	13.09	1.63	41

27. The Board considers that this decline restricted the scope of the Foundation to undertake its own initiated projects and programmes. The Administration stated that the decline in payment of pledges by Member States was for reasons beyond the control of the Centre. However, the Centre was continuously making efforts to raise funds. The Administration further stated that the Centre had been able to attract a new donor Government who had paid $970,000 in the first quarter of 1998. Further, some payments already processed in 1997 were reflected in 1998 accounts owing to delay in bank transfers. An amount of $228,728 towards non-earmarked contributions for 1997 had been received after the closure of accounts for the biennium. The Administration considered that with further efforts the amount of unpaid pledges was likely to be reduced substantially.

28. While acknowledging the above, **the Board recommends that the Administration review the basis of its fund-raising strategy, with the aim of increasing the quantum of contributions, especially those that are not earmarked.**

Liquidity position

29. The Board noted that for all funds of the Foundation, the current ratio, that is, the ratio of current assets ($17.4 million) to current liabilities ($12.0 million), was 1.46:1, below the recommended level of 2:1. Also the quick ratio, that is, the ratio of cash and term deposits ($9.6 million) to current liabilities ($12.0 million) had fallen from 0.98:1 at 31 December 1995 to 0.80:1 at 31 December 1997. The Administration stated that the cash flow situation in the first quarter of 1998 had significantly improved and the Centre was now in a position to meet its contractual obligations. It also stated that those factors were already being taken into account in the budgetary process and cash management in order to avoid recurrence of such problems.

30. The Board will keep this matter under review.

2. Write-off of losses of cash, receivables and property

31. The Administration informed the Board that there was no case of write-off reported during the biennium.

3. Ex-gratia payments

32. The Administration informed the Board that no ex-gratia payments were made during the biennium 1996–1997.

C. Management issues

1. Programme management

Inadequate control over project expenditure

33. The Board was concerned about the control over project expenditure. For example, in 10 projects, expenditure amounting to $71,760 was incurred during the biennium even though there was no provision in the approved budget for the projects. In 21 other projects, expenditure incurred during the biennium was in excess of the budget provision by $944,181. The excess in individual projects ranged up to 418 per cent. In 11 cases, excess expenditure was more than $10,000 and over 5 per cent of the allocation. In two cases expenditure was over $200,000 and in four cases it was 100 per cent over the budget provision.

34. The Administration agreed that there had been a spill-over of expenses, but strict budgetary control had since been instituted to ensure that overexpenditures did not occur.

It further stated that the programme management officers often faced problems owing to late submission of expenditure reports from the United Nations Office at Nairobi.

Time overruns

35. The Board was also concerned at substantial time overruns in projects. Of 422 projects that were ongoing or closed at April 1998, there were time overruns in 241 projects. Of those, 196 had time overruns of more than one year, with 15 projects having time overruns of over five years. The duration in respect of 130 individual projects ranged from two to four times the originally planned duration. While some justification for revision of the budget was generally on record, the duration of the projects was apparently extended routinely without placing on record any justification or linking the same with activities and outputs. The Administration agreed to include justification for extending the dates of completion at the time of project revisions. The Administration stated that the programme managers had been instructed to review all projects under their supervision and to take the necessary action.

36. The Board considers that such delays in the execution of projects defeat the objectives of the projects substantially. **The Board recommends that the Administration analyse the reasons for substantial time overruns in projects and take corrective measures.**

Delay in closing project accounts

37. The Board noted that there was a substantial timelag between the operational closure of projects and their financial closure. Of 154 projects that were operationally closed during the biennium there was a timelag in financial closure of over one year in 137 cases, of which the time lag was three years or more in 61 cases. The Board considers that such large timelags between operational closure and financial closure create a risk in control that expenditure may be improperly charged to operationally closed projects.

38. **The Board recommends that the Administration set a time-frame for closing the projects financially soon after their operational closure.**

Project monitoring and evaluation

39. The Board observed that project files at the Centre's headquarters often did not contain all the relevant project documents, such as budget revisions, progress reports and evaluation reports, and generally did not contain an indication of the status of various activities and delivery of outputs at different points in time. The statement of closed projects at 31 December 1997 did not contain information relating to date of commencement of the individual projects, initial duration, total budget, date of operational closure, date of financial closure and reasons for timelag between the operational closure and the financial closure. The Board considers that the absence of complete records for a project at one place weakens the review of individual projects and the overall effectiveness of project delivery. **The Board recommends that in order to enable proper monitoring of projects, all relevant records pertaining to projects relating to field offices be available at the headquarters of the Centre.**

40. The Administration agreed to improve the statement of closed projects and stated that the programme managers had been instructed to direct the concerned staff to maintain the files with complete documentation. It added that the Chief of the Technical Cooperation Division had instructed the regional offices to make the records available to headquarters in order to facilitate proper monitoring of projects.

41. **The Board recommends that the Administration ensure that full documentation is maintained in the relevant project files and enhance the information in the statement of closed projects to show full details of project out turn and delivery as a means of evaluating performances.**

2. Human resources management

Consultants

42. During the first interim audit of the Centre, the Board noted that a total of 202 consultants were appointed by the Centre during 1996 at fees totalling $2.72 million. The Board's examination revealed a number of deficiencies, including appointment of consultants under special service agreements and reimbursable loan agreements for Habitat II in contravention of rules and procedures; fixing of the rates of fee without any competition; lack of transparency in the appointment procedure in that consultants and advisers were specifically identified; absence in the terms of payment of the nature of outputs to be delivered and the time-frame for delivery of such outputs; not linking payment terms to the delivery of outputs; and belated approvals or absence of approval for extensions. The Administration accepted the recommendations of the Board and intended to remove the deficiencies.

43. The Board was pleased to note that the number of consultants and the expenditure on them had decreased substantially in 1997, with 119 consultants appointed at fees totalling $630,000. The Board also noted that there were no cases of payment of fees exceeding $20,000 during 1997. Although the Board noted a few instances where the names were not in the roster or approvals were obtained ex-post facto there was appreciable improvement in the management of consultants.

44. The management of the United Nations Office at Nairobi stated that it was in the process of reviewing the guidelines established in June 1997 for the recruitment of consultants.

3. Publications

45. The Board noted that the Centre did not have a publications board for the major part of the biennium 1996–1997. The Publications Board was set up in October 1997 to recommend to the Executive Director the policies and guidelines for all Habitat publications, both in print and electronic formats. At April 1998, it was yet to hold its first meeting. As a result, the sales policy of the organization for publications, has not been formulated and established.

46. The Board noted that the delay in activating the Publications Board led to uncertainties in publication policy. For example, the Centre continued donating publications, although the Administration has been considering whether to abandon its free dissemination policy. The Board noted that the issue was listed for discussion in the first meeting of the Publications Board scheduled for May/June 1998.

47. **The Board recommends that the Administration take an early decision on a sales policy for the organization**.

48. The Board noted that the Administration did not keep information relating to costs incurred on individual publications. The Administration stated that the revenue generated from sales was often not intended to cover the cost of the publication, but only to cover other expenses such as dissemination, storage and handling costs. The Administration agreed, however, that establishment of a database on the Centre's publications would allow it to

keep track not only of stocks, dissemination and recipients, but also of costs of production of publications.

49. **The Board recommends that steps be taken to generate information about actual costs of production and other expenses in order to control costs and help in the pricing of publications.**

50. The Board also noted that no physical verification of the stock was undertaken during the biennium. The Administration agreed to introduce a system of stocktaking in future.

4. Contracts

51. The Board noted that, although an Information and Audio-Visual Division was an integral part of the Centre, three contracts were awarded to one public relations company for media coverage for Habitat II. The periods covered by the contracts were from 15 July 1995 to 14 July 1996, from 11 April to 15 May 1996 and from 25 May to 31 July 1996, at fees of $65,300, $20,000 and $65,000, respectively. All three contracts were awarded without invitation to bid. Also, the periods of the second and third contracts overlapped those of the first. The Board also noted that approvals for the second and third contracts were obtained after the expiry of the contract periods. Although the second contract was sent to the local contract committee for advice, the third was not submitted to the committee, despite the fact that the combined payment to the contractor required such advice.

52. The Administration stated that the company had been contracted with due regard to its experience and record in promotional activities. Also, since the assignment under the first contract had been completed by the company in mid-April 1996, there was no overlap. The Administration also stated that the contract had not been submitted to the committee, but had been approved on an exceptional basis.

53. **The Board recommends that such contracts be finalized with transparency in accordance with the financial rules and that the requisite approvals be obtained before the contracts are awarded.**

5. Year 2000 issue

54. The management of the year 2000 issue for the information system in the Centre is being carried out by the United Nations Office at Nairobi. The Board's comments on this matter are included in the Board's report on United Nations Headquarters for 1996–1997.

6. Cases of fraud and presumptive fraud

55. The Administration stated that no new cases of fraud and presumptive fraud were reported during the biennium.

D. Acknowledgement

56. The Board wishes to express its appreciation for the cooperation and assistance extended to Auditors by the Executive Director, his officers and members of their staff.

(*Signed*) Vijay Krishna **Shunglu**
Comptroller and Auditor General of India

(*Signed*) Osei Tutu **Prempeh**
Auditor-General of Ghana

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

15 July 1998

Annex

Follow-up on actions taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1995[a]

Recommendation 11(a)

1. The amounts diverted from Foundation funds to meet the expenditures of Habitat II should be reimbursed expeditiously.

Measures taken by the Administration

2. All expenditures related to Habitat II charged to the Foundation were reversed to Habitat II pursuant to the recommendation of the Office of Internal Oversight Services internal auditors. The Executive Director made every effort to seek funds from donors to meet the shortfall for Habitat II, but donors showed interest in supporting the implementation of the Habitat Agenda rather than in ex post facto funding of Habitat II.

Comments of the Board

3. The Board notes the position.

Recommendation 11(b)

4. As mandated by the General Assembly, two separate trust funds should be established early to fund the expenditures of Habitat II and necessary corrections to the accounts should be carried out.

Measures taken by the Administration

5. The Centre reversed all expenditures to the Habitat II trust funds, as recommended by internal and external auditors, and updated the table of contributions to the trust funds. The Habitat II secretariat separated the already recorded financial transactions for the biennium 1994–1995 under two separate accounts. The recommendation was implemented in August 1996.

Comments of the Board

6. The recommendation has been implemented.

Recommendation 11(c)

7. Financial statements should be prepared in future in conformity with the United Nations System Accounting Standards.

---

[a] *Official Records of the General Assembly, Fifty-first Session, Supplement No. 5H* (A/51/5/Add.8), chap. II, para. 11.

Measures taken by the Administration

8. The 1996–1997 financial statements were prepared in accordance with the United Nations System Accounting Standards. The recommendation was implemented in March 1998 at the time of closing 1996–1997 accounts.

Comments of the Board

9. The Board notes that the financial statements are still not fully in conformity with the United Nations System Accounting Standards. The Board's comments in this regard have been included in the present report.

Recommendation 11(d)

10. Programme planning and project design should be improved by critical review at the project appraisal stage. The process of cost estimation of inputs and the allocation of resources to different components within a project should be subjected to closer scrutiny at the project appraisal stage.

Measures taken by the Administration

11. A Project Review Committee was established in August 1996 and meets twice a month to review all project proposals so as to improve programme planning and project design. The recommendation was fully implemented in August 1996.

Comments of the Board

12. The Board will keep this matter under review.

Recommendation 11(e)

13. Project implementation should be improved by identifying the weaknesses in project coordination and management control and by ensuring that work plans provide for performance indicators and that the technical assistance provided in the project is of the required standard and takes into account the capacity of the national staff.

Measures taken by the Administration

14. For a sound project design and to ensure optimum effectiveness, a project checklist was designed in February 1997. The recommendation was also implemented through the definition of the Habitat performance indicators framework. The checklist and the framework are used by the project designers to establish specific performance indicators to measure the achievement of immediate objectives. The recommendation was fully implemented in February 1997.

Comments of the Board

15. The Board will keep this matter under review.

Recommendation 11(f)

16. Project managers should be required to ensure timely completion of terminal reports, including analysis of the reasons for time and cost overruns. Further, the Centre should take the initiative in completing evaluation of technical cooperation projects on time.

Measures taken by the Administration

17. Project managers were instructed to prepare terminal reports for all projects and to take initiative of proposing external evaluation of large projects to Habitat funding partners. The recommendation was implemented in August 1996.

Comments of the Board

18. The Board will keep this matter under review.

Recommendation 11(g)

19. The lessons learned from project implementation in different countries should be consolidated for dissemination.

Measures taken by the Administration

20. An evaluation officer was recruited in 1996 to coordinate all evaluation activities of the Centre. She has organized the self-evaluation of each of the eight subprogrammes of the 1996–1997 work programme by interdivisional teams. Lessons learned from both research and operational activities have been drawn during that exercise. In addition, the Centre established a best practice database for Habitat II in June 1996, and updates it periodically. Lessons learned from project implementation are reflected in that database, which is accessible to the public.

Comments of the Board

21. The Board takes note of the measures taken.

Recommendation 11(h)

22. Procurement planning should be improved to avoid piecemeal purchases. Systems contracts should be awarded for commonly required items, after ensuring wider competition.

Measures taken by the Administration

23. Contracts and procurement are handled by the United Nations Office at Nairobi. Systems contracts were awarded for commonly required items after ensuring competitive bidding. Annual procurement plans for those items in approved projects were prepared. The recommendation was implemented in March 1997.

Comments of the Board

24. The Board notes the measures taken and observes that the responsibility for procurement and the award of contract was transferred to the United Nations Office at Nairobi with effect from 1 January 1996.

Chapter III
Audit Opinion

We have audited the accompanying financial statements, comprising statements numbered I to IX of the United Nations Habitat and Human Settlements Foundation, and statements numbered X to XI of the United Nations Conference on Human Settlements (Habitat II) and the supporting notes for the period from 1 January 1996 to 31 December 1997. These financial statements are the responsibility of the Director-General of the United Nations Office at Nairobi. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the Board of Auditors to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all respects, the financial position at 31 December 1997 and the results of operations and cash flows for the period then ended in accordance with the organization's stated accounting policies set out in note 2 to the financial statements which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the United Nations Habitat and Human Settlements Foundation and of the United Nations Conference on Human Settlements (Habitat II) which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements of the United Nations Centre for Human Settlements (Habitat) and of the United Nations Conference on Human Settlements (Habitat II).

(*Signed*) Vijay Krishna **Shunglu**
Comptroller and Auditor General of India

(*Signed*) Osei Tutu **Prempeh**
Auditor-General of Ghana

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

15 July 1998

Chapter IV

Certification of the financial statements

22 April 1998

I certify that the appended financial statements of the United Nations Centre for Human Settlements (Habitat), numbered I to IX, and of the United Nations Conference on Human Settlements (Habitat II), numbered X to XI, are correct.

(*Signed*) Klaus **Topfer**
Director-General
Untied Nations Office at Nairobi

Chapter V

Financial statements for the biennium ended 31 December 1997

A. United Nations Habitat and Human Settlements Foundation

Statement I

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION FOUNDATION

Statement of income and expenditure and changes in reserves and fund balance for the biennium ended 31 December 1997

(United States dollars)

	1996-1997	1994-1995
Income		
Voluntary contributions (Governments) (schedule 2.1)	13,730,720	11,388,583
Voluntary contributions (public)	1,018,959	388,979
Subvention	33,010	200,990
Income for services rendered	1,700,131	1,271,799
Interest income	81,786	298,851
Miscellaneous income	9,341	4,449
Gain/loss on exchange	(479)	6,478
TOTAL INCOME	16,573,468	13,560,129
Expenditure		
Programme activities (schedule 1.1)	4,505,080	9,273,746
Project activities [schedules 1.2 (a),1.2 (b) & 7.1]	10,455,268	5,533,278
Programme support costs (schedule 8.1)	1,133,629	321,092
TOTAL EXPENDITURE	16,093,977	15,128,116
Excess (shortfall) of income over expenditure	479,491	(1,567,987
Provision for delays in collection of contributions	(222,815)	-
Prior period adjustments	(1,496,311)	6,709
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(1,239,635)	(1,561,278
Savings on, or cancellation of, prior periods' obligations	435,988	522,783
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	5,381,589	6,420,084
RESERVES AND FUND BALANCES END OF PERIOD	4,577,942	5,381,589

Schedule 1.1

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

FOUNDATION
(NON-EARMARKED FUNDS)
Status of allocations for the biennium ended 31 December 1997 for programme activities

(United States dollars)

Expenditure	Allotments	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	3,750,600	2,947,554	67,671	3,015,225	735,375
Travel on official business	150,000	146,173	3,827	150,000	-
Contractual services	200,000	12,039	187,961	200,000	-
General operating expenses	1,050,000	488,060	531,794	1,019,854	30,146
Supplies & Materials	90,000	2,274	87,726	90,000	-
Miscellaneous services	30,000	7,332	22,669	30,001	(1)
Total	5,270,600	3,603,432	901,648	4,505,080	765,520

Schedule 1.2 (a)

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

FOUNDATION

(NON-EARMARKED PROJECTS)

Status of allocations for the biennium ended 31 December 1997 for project activities

(United States dollars)

Expenditure	Allocations	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	3,713,529	1,913,482	90,224	2,003,706	1,709,823
Travel	341,642	254,753	77,943	332,696	8,946
Subcontracts	2,030,668	-	1,000	1,000	2,029,668
Training	309,330	335,108	88,713	423,821	(114,491)
Equipment	627,030	(10,087)	20,035	9,948	617,082
Miscellaneous	550,325	229,367	91,952	321,319	229,006
Total	7,572,524	2,722,623	369,867	3,092,490	4,480,034

Schedule 1.2 (b)

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

FOUNDATION

(EARMARKED PROJECTS)

Status of allocations for the biennium ended 31 December 1997 for project activities

(United States dollars)

Expenditure	Allocations	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	2,592,472	1,777,383	417,162	2,194,545	397,927
Travel	548,258	439,798	179,886	619,684	(71,426)
Subcontracts	2,224,171	441,786	300,298	742,084	1,482,087
Training	1,302,967	1,403,328	364,029	1,767,357	(464,390)
Equipment	346,852	64,428	53,540	117,968	228,884
Miscellaneous	496,954	239,421	236,121	475,542	21,412
Programme support costs	717,351	717,351	-	717,351	-
Total	8,229,025	5,083,495	1,551,036	6,634,531	1,594,494

Schedule 1.3

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

FOUNDATION

Project expenditure by country and by region for the biennium ended 31 December 1997

(United States dollars)

Country projects	Total expenditure
Afghanistan	462,372
Cuba	31
China	58,116
India	94,810
Indonesia	56
Japan	899,401
Palau	17,042
Russian Federation	141,469
Senegal	824
Uruguay	140
Asia and the Pacific Region	292.551
Latin America	236.947
Global & Other projects	6,805,912
Subtotal	9,009,670
Programme support costs	717,351
Total project expenditure [schedules 1.2 (a) & 1.2 (b)]	9,727,021

Schedule 1.4

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

FOUNDATION

Summary of appropriations, allocations/allotments issued, expenditures incurred and unexpended balance of appropriations and allotments for programme activities for the biennium ended 31 December 1997

(United Stated dollars)

	Appropriations 1996-1997	Allotments issued 1996-1997	Expenditures incurred during the 1996-1997 biennium			Unexpended balance of appropriations	Unobligated balance of allotments
			Disbursements	Unliquidated Obligations	Total		
Experts, other project personnel cost	3,750,600	3,750,600	2,947,554	67,671	3,015,225	735,375	735,375
Travel on official business	150,000	150,000	146,173	3,827	150,000	-	-
Contractual services	200,000	200,000	12,039	187,961	200,000	-	-
General operating expenses	1,050,000	1,050,000	488,060	531,794	1,019,854	30,146	30,146
Supplies & Materials	90,000	90,000	2,274	87,726	90,000	-	-
Miscellaneous services	30,000	30,000	7,332	22,669	30,001	(1)	(1)
TOTAL	5,270,600	5,270,600	3,603,432	901,648	4,505,080	765,520	765,520

Statement II

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION FOUNDATION

Statement of assets, liabilities, reserves and fund balance as at 31 December 1997

(United States dollars)

	1997	1995
Assets		
Cash and term deposits		
Convertible currency (schedule 2.3)	5,535,077	3,648,557
Non-convertible currency (schedule 2.4)	216,293	149,007
Accounts receivable		
Contributions receivable from Public	563,714	204,969
Contributions recievable from Governments	2,505,021	2,781,033
less: Provision for delays in collection of contributions	(200,768)	-
Contributions receivable for "The Year" (public)	-	2,000
Contributions receivable for "The Year" (governments)	22,047	22,047
less: Provision for delays in collection of contributions	(22,047)	-
Interfund balances (note 5)	3,774,630	1,813,034
Other	986,089	378,762
Other assets		
Deferred charges (note 4)	139,991	38,121
TOTAL ASSETS	13,520,047	9,037,530
Liabilities		
Contributions in respect of future years	2,659,773	1,638,454
Unliquidated obligations [schedules 1.1, 1.2 (a), 1.2 (b), 7.1 & 8.1]	3,145,073	1,070,735
Accounts payable		
Inter-fund balances (note 6)	2,704,112	36,934
Other	433,147	909,818
TOTAL LIABILITIES	8,942,105	3,655,941
Reserves and fund balances		
Financial Reserve	1,002,663	1,002,663
Cumulative Surplus	3,575,279	4,378,926
TOTAL RESERVES AND FUND BALANCES	4,577,942	5,381,589
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	13,520,047	9,037,530

Schedule 2.1 (a)

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION.

FOUNDATION

Status of Non-Earmarked contributions and unpaid pledges as at 31 December 1997

(United States dollars)

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997 for 1996-1997	Collections in 1996-1997 for prior periods	Collections in 1996-1997 for future periods	Unpaid pledges for current and prior years	Unpaid pledges for future years
Algeria	-	-	24,975	-	24,975	-	-	-	-
Argentina	-	-	9,000	-	9,000	-	-	-	-
Austria	-	-	173,499	70,820	173,499	-	-	-	70,820
Bangladesh	2,700	-	5,000	10,000	5,000	-	-	2,700	10,000
Barbados	1,000	-	9,000	-	9,000	-	-	1,000	-
Benin	-	-	4,000	-	-	-	-	4,000	-
Bhutan	2,000	-	500	-	-	-	-	2,500	-
Botswana	-	-	27,260	-	27,260	-	-	-	-
Burkina Faso	-	-	16,969	-	16,969	-	-	-	-
Burundi	877	-	-	-	-	-	-	877	-
Cameroon	40,224	-	-	-	-	-	-	40,224	-
Canada	-	-	-	-	-	-	-	-	-
Chile	5,000	-	15,000	5,000	15,000	-	-	5,000	5,000
China	11,751	12,077	116,232	58,116	116,232	23,828	-	0	58,116
Colombia	-	-	24,000	12,000	24,000	-	-	-	12,000
Congo	5,897	-	-	-	-	-	-	5,897	-
Czech Republic	-	-	141,796	59,880	73,303	-	-	68,493	59,880
Dem. Rep. of Congo	2,000	-	12,000	-	12,000	2,000	-	-	-
Denmark	50,000	(50,000)	-	-	-	-	-	-	-
Djibouti	2,000	-	-	-	-	2,000	-	-	-
Dominica	-	-	4,417	-	4,417	-	-	-	-

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997 for 1996-1997	Collections in 1996-1997 for prior periods	Collections in 1996-1997 for future periods	Unpaid pledges for current and prior years	Unpaid pledges for future years
Egypt	13,488	-	11,870	5,935	11,870	3,709	-	9,779	5,935
Finland	-	-	512,616	-	512,616	-	-	-	-
France	-	-	15,788	-	-	-	-	15,788	-
Gabon	60,811	-	-	-	-	-	-	60,811	-
Ghana	3,000	-	10,000	5,000	10,000	3,000	-	-	5,000
Greece	-	-	27,000	16,000	27,000	-	-	-	16,000
Guyana			1,029	-	-		-	1,029	-
India	100,000	294	201,408	100,000	201,408	100,294	-	0	100,000
Indonesia	-	-	28,000	14,000	28,000	-	-	-	14,000
Jamaica	19,747	-	-	4,000	-	3,226	-	16,521	4,000
Japan	-	-	730,000	-	730,000	-	-	-	-
Jordan	-	-	-	-	-	-	-	-	-
Kenya	-		36,298	18,149	36,298	-	18,149	-	-
Lebanon	-	-	8,000	-	8,000	-	-	-	-
Lesotho	5,525	-	2,983	-	1,465	5,525	-	1,518	-
Luxembourg	-	-	88,672	56,338	88,672	-	-	-	56,338
Malawi	4,381	-	5,000	-	-	-	-	9,381	-
Malaysia	10,000	-	19,980	-	19,980	-	-	10,000	-
Mauritius			5,000	-	5,000		-	-	-
Morocco	5,000	-	10,000	5,000	10,000	5,000	5,000	-	-
Namibia	(1,000)	1,000	3,242	-	1,000	-	-	2,242	-

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997 for 1996-1997	Collections in 1996-1997 for prior periods	Collections in 1996-1997 for future periods	Unpaid pledges for current and prior years	Unpaid pledges for future years
Netherlands	-	-	1,110,957	515,464	1,110,957	-	515,464	-	-
Nigeria	50,000	-	-	-	-	-	-	50,000	-
New Hebrides	-	-	500	-	-	-	-	500	-
Pakistan	5,000	-	12,010	6,005	12,010	-	-	5,000	6,005
Panama	2,000	1,000	1,000	-	-	2,000	-	2,000	-
Philippines	3,822	(2)	-	4,000	-	2,240	-	1,580	4,000
Poland	-	-	47,740	-	47,740	-	-	-	-
Portugal	-	-	20,000	-	20,000	-	-	-	-
Republic of Korea	-	-	49,000	30,000	49,000	-	-	-	30,000
Romania	846	-	1,130	-	-	-	-	1,976	-
Senegal	4,314	-	-	-	-	2,157	-	2,157	-
South Africa	-	-	3,953	-	-	-	-	3,953	-
Sri Lanka	-	-	15,000	-	15,000	-	-	-	-
Sudan	-	-	6,329	-	-	-	-	6,329	-
Swaziland	896	-	-	-	-	712	-	184	-
Sweden	-	-	1,168,173	-	1,168,173	-	-	-	-
Togo	1,450	-	-	-	-	-	-	1,450	-
Tunisia	5,685	-	1,953	-	1,953	-	-	5,685	-
Turkey	75,000	-	60,000	-	60,000	75,000	-	-	-

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997 for 1996-1997	Collections in 1996-1997 for prior periods	Collections in 1996-1997 for future periods	Unpaid pledges for current and prior years	Unpaid pledges for future years
United Kingdom		-	332,600	-	169,050	-	-	163,550	-
United Repub. of Tanzania	988	-	-	-	-	-	-	988	-
United States of America	-	-	250,000	-	250,000	-	-	-	-
Vanuatu	-	-	-	-	-	-	-	-	-
Venezuela	16,395	-	26,800	-	-	-	-	43,195	-
Yemen	1,725	-	575	-	-	-	-	2,300	-
Yugoslavia	45,000	-	-	-	-	-	-	45,000	-
Zimbabwe	1,506	(1,506)	7,199	-	-	-	-	7,199	-
Total	559,027	(37,137)	5,415,455	995,706	5,105,848	230,691	538,613	600,806	457,094

Schedule 2.1 (b)

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION.

FOUNDATION

Status of Earmarked contributions and unpaid pledges as at 31 December 1997

(United States dollars)

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997 for 1996-1997	Collections in 1996-1997 for prior periods	Collections in 1996-1997 for future periods	Unpaid pledges for current and prior years	Unpaid pledges for future years
Australia	-	-	303,678	-	303,678	-	-	-	-
Belgium	-	-	1,853,468	-	911,292	-	-	942,176	-
Brazil	-	-	20,000	-	-	-	-	20,000	-
Canada	-	-	78,304	-	17,735	-	-	60,569	-
Colombia	-	-	24,970	-	24,970	-	-	-	-
Denmark	335,002	(108,042)	-	-	-	226,960	-	-	-
Finland	20,475	-	-	-	-	-	-	20,475	-
France	7,987	-	28,021	-	28,021	-	-	7,987	-
Germany	-	-	27,695	-	27,695	-	-	-	-
India	-	-	20,173	-	20,173	-	-	-	-
Italy	-	-	511,147	-	511,147	-	-	-	-
Japan	-	-	1,558,000	678,000	1,558,000	-	300,000	-	378,000
Jordan	-	-	26,853	-	18,427	-	-	8,426	-
Netherlands	213,519	-	2,819,647	442,514	2,844,020	213,520	442,514	(24,374)	-
Nigeria	-	-	5,000	-	5,000	-	-	-	-
Norway	-	-	152,051	133,951	152,051	-	133,951	-	-
Spain	-	-	500,000	-	500,000	-	-	-	-
Sweden	-	-	114,411	-	114,411	-	-	-	-
Switzerland	-	-	148,172	33,000	148,172	-	-	-	33,000
Tunisia	-	-	-	864	-	-	-	-	864
Turkey	-	-	5,000	-	5,000	-	-	-	-
United Arab Emirates	-	-	49,983	-	49,983	-	-	-	-
United Kingdom	6,570	-	68,693	-	68,696	6,570	-	(3)	-
Total	**583,552**	**(108,042)**	**8,315,265**	**1,288,329**	**7,308,470**	**447,049**	**876,465**	**1,035,256**	**411,864**

Schedule 2.2

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

INTERNATIONAL YEAR OF SHELTER

Status of unpaid pledges for the biennium ended 31 December 1997 for the International Year of Shelter for the Homeless

(United States dollars)

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997 for 1996-1997	Unpaid pledges for current and prior years[a]	Unpaid pledges for future years
Malawi	13,762	-	-	-	-	13,762	-
Zimbabwe	8,285	-	-	-	-	8,285	-
Total	22,047	-	-	-	-	22,047	-

[a] Provision for non-collection of these pledges has been made.

Schedule 2.3

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

FOUNDATION

Convertible cash and bank deposits as at 31 December 1997

(United States dollars)

	1997	1995
Chase Manhattan Bank & Other Banks		
Cash at banks	5,535,077	1,848,557
Call account		
Investment	-	1,800,000
Total cash	5,535,077	3,648,557

Schedule 2.4

UNITED NATIONS HABITAT AND HUMAN SETTLELEMTS FOUNDATION

Non-convertible cash and bank deposits as at 31 December 1997

(United States dollar equivalent)

	1997 Amount	1995 Amount
Foundation (Statement II)		
Indian rupees	175,200	141,364
Polish zlotys	41,046	7,583
Russian roubles	47	60
Total	216,293	149,007

Schedule 2.5

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION ALL FUNDS SUMMARY
Statement of cash flows for the the biennium ended 31 December 1997

(United States dollars)

	UN HABITAT AND HUMAN SETTLEMENTS FOUNDATION[a]	Danish International Development Agency (DANIDA)	HABITAT II	Total 1996-1997	Special Account for Programme Support costs
	- 1 -	- 2 -	- 3 -	(4 = 1 + 2 + 3)	- 5 -
Cash flows from operating activities:					
Net excess (shortfall) of income over expenditure	(1,239,635)	401,583	(1,181,752)	(2,019,824)	566,466
(Increase) decrease in contributions receivable	(80,733)	-	2,818,451	2,737,718	-
(Increase) decrease in other accounts receivable	(607,327)	(100,058)	(12,083)	(719,469)	799,895
(Increase) decrease in other assets	(101,870)	(12,074)	-	(113,944)	-
Increase (decrease) in contributions in respect of future years	1,021,319	-	(2,047,744)	(1,026,425)	-
Increase (decrease) in unliquidated obligations	2,074,336	820,381	(1,178,294)	1,716,425	211,775
Increase (decrease) in other accounts payable	(478,671)	56,386	2,718	(418,568)	33,320
Increase (decrease) in provision for delays in collection of contributions	222,815	-	-	222,815	-
Less: interest income	(81,786)	(77,279)	-	(159,065)	-
NET CASH FROM OPERATING ACTIVITIES	730,450	1,087,917	(1,598,704)	219,883	1,611,556
Cash flows from investing and financing activities:				-	
(Increase) decrease in inter-fund balances receivable	(1,961,596)	547,753	-	(1,413,843)	(1,648,448)
Increase (decrease) in inter-fund balances payable	2,667,178	(80,229)	1,598,704	4,185,653	-
plus: interest income	81,786	77,279	-	159,065	-
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	787,368	544,803	1,598,704	2,930,875	(1,648,448)
Cash flows from other sources:					
Savings on, or cancellation of, prior periods' obligations	435,968	342,897	-	778,865	36,892
NET CASH FROM OTHER SOURCES	435,968	342,897	-	778,865	36,892
Net increase in cash and bank deposits	1,953,806	1,975,617	-	3,929,423	-
CASH AND BANK DEPOSITS, BEGINNING PERIOD	3,797,564	1,882,510	-	5,680,074	-
CASH AND TERM DEPOSITS, END OF PERIOD	5,751,370	3,858,127	-	9,609,497	-

[a] Includes special support for programme support costs (column 5)

Statement III

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

DANIDA

Statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities

(United States dollars)

	1996-1997	1994-1995
Income		
Voluntary contributions (DANIDA) (schedule 3.2)	8,709,491	7,522,172
Interest income	77,279	77,042
Gain/loss on exchange	(969)	3,265
TOTAL INCOME	8,785,801	7,602,479
Expenditure		
Project activities (schedule 3.1)	8,157,278	8,581,385
TOTAL EXPENDITURE	8,157,278	8,581,385
Excess (shortfall) of income over expenditure	628,523	(978,906)
Prior period adjustments	(226,960)	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	401,563	(978,906)
Savings on, or cancellation of, prior periods' obligations	342,897	-
FUND BALANCE BEGINNING OF PERIOD	253,063	1,231,969
FUND BALANCE END OF PERIOD	997,523	253,063

Schedule 3.1

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

DANIDA

Status of allocations for the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities

(United States dollars)

Expenditure	Allocations	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	4,220,769	2,295,325	425,957	2,721,283	1,499,486
Travel	954,508	616,241	173,548	789,789	164,719
Subcontracts	1,582,777	129,075	114,351	243,425	1,339,352
Training	1,889,387	1,805,192	970,037	2,775,230	(885,843)
Equipment	292,775	125,233	126,928	252,161	40,614
Miscellaneous	1,406,423	259,580	216,811	476,391	930,032
Programme support costs	898,999	898,999	-	898,999	-
Total	11,245,638	6,129,646	2,027,632	8,157,278	3,088,360

Schedule 3.2

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

DANIDA

Status of unpaid pledges for the first year of the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities

(United States dollars)

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997 for 1996-1997	Unpaid pledges for current and prior years	Unpaid pledges for future years
Denmark	-	-	8,709,491	-	8,709,491	-	-
Total	-	-	8,709,491	-	8,709,491	-	-

Schedule 3.3

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

DANIDA

Project expenditure by country and by region for the biennium ended 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities

(United States dollars)

Country/Region	Total expenditure
Bolivia	220,968
Costa Rica	131,944
Ecuador	121,000
Ghana	738,283
Nigeria	444,165
Sri Lanka	7,226
Uganda	318,849
United Republic of Tanzania	20,000
Zambia	1,293
Subtotal	2,003,729
Other projects:	
Africa Region	594,422
Asia and the Pacific Region	547,700
Latin American Region	377,940
Global	3,734,487
Subtotal	5,254,550
Programme support costs	898,999
Total project expenditure (Statement III)	8,157,278

Statement IV

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

DANIDA

Statement of assets, liabilities and fund balance at 31 December 1997 for the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for project activities

(United States dollars)

	1997	1995
Assets		
Cash and term deposits		
Convertible currency	3,858,127	1,882,510
Accounts receivable		
Inter-fund balances (note 5)	-	547,753
Other	136,265	36,206
Other assets		
Deferred charges	14,142	2,068
TOTAL ASSETS	4,008,534	2,468,537
Liabilities		
Unliquidated obligations		
(schedule 3.1)	2,027,632	1,207,251
Accounts payable		
Inter-fund balances (note 6)	866,816	947,045
Other	116,563	61,178
TOTAL LIABILITIES	3,011,011	2,215,474
FUND BALANCE	997,523	253,063
TOTAL LIABILITIES AND FUND BALANCE	4,008,534	2,468,537

Statement V

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

INTERNATIONAL YEAR OF SHELTER

Statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997 for the International Year of Shelter for the Homeless

(United States dollars)

	1996-1997	1994-1995
Income		
Voluntary contributions (Governments)	-	2,000
TOTAL INCOME	-	2,000
Expenditure		
Project activities	-	-
TOTAL EXPENDITURE	-	-
Excess (shortfall) of income over expenditure	-	2,000
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	-	2,000
Provision for delays in collection of pledges:		
Governments	(22,047)	-
Prior period adjustments	(2,000)	-
Transfer to Foundation	(675,511)	-
FUND BALANCE BEGINNING OF PERIOD	699,558	697,558
FUND BALANCE END OF PERIOD	-	699,558

Statement VI

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

FOUNDATION/DANIDA/CENTRE

Combined statement of assets, liabilities, reserves and fund balance at 31 December 1997 for the Foundation and the Danish International Development Agency/United Nations Centre for Human Settlements multi-bilateral cooperation agreement for projects

(statements II and IV)

(United States dollars)

	1997	1995
Assets		
Cash and term deposits		
Convertible & Non-convertible currency	9,609,497	5,680,074
Accounts receivable		
Contributions receivable from Public	563,714	204,969
Contributions receivable from Governments	2,505,021	2,781,033
less: Provision for delays in collection of contributions	(200,768)	-
Contributions receivable from Governments & Public (The Year)	22,047	24,047
less: Provision for delays in collection of contributions	(22,047)	-
Inter-fund balances (note 5)	3,774,630	2,360,787
Other (note 3)	1,122,354	414,968
Other assets		
Deferred charges	154,133	40,189
TOTAL ASSETS	17,528,581	11,506,067
Liabilities		
Contributions received in advance [schedules 2.1 (a), 2.1 (b) & 3.2]	2,659,773	1,638,454
Unliquidated obligations [schedules 1.1, 1.2 (a), 1.2 (b), 3.1, 7.1 & 8.1]	5,172,705	2,277,986
Accounts payable		
Inter-fund balances (note 6)	3,570,928	983,979
Other (note 7)	549,710	970,996
TOTAL LIABILITIES	11,953,116	5,871,415
Reserves and fund balances		
Financial Reserve	1,002,663	1,002,663
Cumulative Surplus (deficit)	4,572,802	4,631,989
TOTAL RESERVES AND FUND BALANCES	5,575,465	5,634,652
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	17,528,581	11,506,067

Statement VII

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

GOVERNMENT OF ITALY

Statement of income and expenditure for the biennium ended 31 December 1997 for project activities funded by the Government of Italy

(United States dollars)

	1996-1997	1994-1995
Income		
Voluntary contributions (Italy)	511,147	1,053,215
TOTAL INCOME	511,147	1,053,215
Expenditure		
Project activities (schedule 7.1)	728,248	1,198,007
TOTAL EXPENDITURE	728,248	1,198,007
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(217,101)	(144,792)

Schedule 7.1

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

GOVERNMENT OF ITALY

Status of allocations for the the biennium ended 31 December 1997 for project activities funded by the Government of Italy

(United States dollars)

Expenditure	Allocations	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	516,744	351,078	37,877	388,955	127,789
Travel	98,950	107,096	4,360	111,456	(12,506)
Subcontracts	81,623	10,638	4,391	15,029	66,594
Training	36,000	77,183	15,667	92,850	(56,850)
Equipment	-	(515)	-	(515)	515
Miscellaneous	13,400	32,766	3,927	36,693	(23,293)
Programme support costs	83,781	83,781	-	83,781	-
Total	830,498	662,026	66,222	728,248	102,250

Schedule 7.2

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

GOVERNMENT OF ITALY

Project expenditure by country and by region for the biennium ended 31 December 1997 for project activities funded by the Government of Italy

(United States dollars)

Country/Region	Total expenditure
Chile	75,000
Kenya	40,469
Subtotal	115,469
Other projects:	
Global	528,998
Subtotal	528,998
Programme support costs	83,781
Total project expenditure (schedule 7.1)	728,248

Statement VIII

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS

Statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997 for the special account for programme support costs

(United States dollars)

	1996-1997	1994-1995
Income		
Income from overhead:		
Programme support costs: Foundation [schedule 1.2 (b)]	717,351	146,736
Programme support costs: DANIDA (schedule 3.1)	898,999	987,239
Programme support costs: Government of Italy (schedule 7.1)	83,781	137,824
TOTAL INCOME	1,700,131	1,271,799
Expenditure		
Programme support costs activities (schedule 8.1)	1,133,629	647,640
Gain/Loss on exchange	36	
TOTAL EXPENDITURE	1,133,665	647,640
Excess (shortfall) of income over expenditure	566,466	624,159
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	566,466	624,159
Savings on or cancellation of, prior periods' obligations	36,892	-
FUND BALANCE BEGINNING OF PERIOD	1,491,407	867,248
FUND BALANCE END OF PERIOD	2,094,765	1,491,407

Schedule 8.1

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS

Status of allocations for the biennium ended 31 December 1997 for the special account for programme support costs

(United States dollars)

Expenditure	Allocations	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	551,500	524,413	26,159	550,572	928
Travel of official business	32,700	12,068	20,606	32,674	26
Contractual services	160,700	71,387	89,273	160,660	40
General Operating expenses	190,200	173,352	17,546	190,898	(698)
Supplies & Materials	46,400	11,774	34,626	46,400	
Equipment	100,000	35,146	64,442	99,588	412
Miscellaneous	52,600	49,188	3,379	52,567	33
Joint Services (Global Security)	300	-	270	270	30
Total	1,134,400	877,328	256,301	1,133,629	771

Statement IX

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS

Statement of assets and liabilities and fund balance at 31 December 1997
for the Special Account for Programme Support Costs

(United States dollars)

	1997	1995
Assets		
Accounts receivable		
Inter-fund balances (note 5)	1,912,582	264,134
Other	471,804	1,271,799
TOTAL ASSETS	2,384,386	1,535,933
Liabilities		
Unliquidated obligations (schedule 8.1)	256,301	44,526
Accounts payable		
Other	33,320	-
TOTAL LIABILITIES	289,621	44,526
TOTAL FUND BALANCE	2,094,765	1,491,407
TOTAL LIABILITIES AND FUND BALANCES	2,384,386	1,535,933

Chapter V (continued)

B. United Nations Conference on Human Settlements (Habitat II)

Statement X

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS

HABITAT II CONFERENCE

Statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1997

(United States dollars)

	1996-1997	1994-1995
Income		
Voluntary contributions (Govts: schedules 10.1 & 10.2)	2,962,840	2,715,606
Voluntary contributions (Public)	458,914	730,000
Subvention	-	1,291,175
Income from overhead	-	183,194
Miscellaneous income	18,318	-
Gain/loss on exchange	(99)	-
TOTAL INCOME	3,439,973	4,919,975
Expenditure		
Project activities (schedules 10.3 & 10.4)	3,835,940	5,489,872
TOTAL EXPENDITURE	3,835,940	5,489,872
Excess (shortfall) of income over expenditure	(395,967)	(569,897)
Adjustments to prior periods pledges	(469,179)	-
Adjustments to prior periods expenditures	(316,606)	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(1,181,752)	(569,897)
FUND BALANCE BEGINNING OF PERIOD	(569,897)	-
FUND BALANCE END OF PERIOD	(1,751,649)	(569,897)

Schedule 10.1

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS

HABITAT II CONFERENCE TRUST FUND I

Status of contributions and unpaid pledges for the biennium ended 31 December 1997 for Habitat II Trust Fund I: The Preparatory process

(United States dollars)

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior years pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997	Unpaid pledges for current and prior years	Unpaid pledges for future years
Brazil	15,000	-	-	-	15,000	-	-
Canada	-	-	28,539	-	28,539	-	-
Finland	-	-	63,000	-	63,000	-	-
France	61,983	-	-	-	61,983	-	-
Germany	-	-	329,859	-	329,859	-	-
Holy See	-	-	2,000	-	2,000	-	-
India	100,000	-	-	-	100,000	-	-
Indonesia	50,000	(50,000)	50,000	-	50,000	-	-
Italy	-	-	54,045	-	54,045	-	-
Japan	150,000	(150,000)	150,000	-	150,000	-	-
Kenya	-	-	48,656	-	48,656	-	-
Mauritius	-	-	5,000	-	-	5,000	-
Netherlands	-	-	876,077	-	876,077	-	-
Nigeria	50,000	-	-	-	-	50,000	-
Norway	-	-	124,995	-	124,995	-	-
Seychelles	-	-	3,000	-	3,000	-	-
South Africa	-	-	5,380	-	5,380	-	-
Sweden	-	-	21,368	-	21,368	-	-
Switzerland	21,550	(50)	-	-	21,500	-	-
United Arab Emirates	-	-	30,000	-	-	30,000	-
United States of America	5,000	-	-	-	5,000	-	-
Zimbabwe	5,000	(426)	-	-	4,574	-	-
Total	458,533	(200,476)	1,791,919	-	1,964,976	85,000	-

A/53/Add.8 ppv 97-57-V

Schedule 10.2

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS

HABITAT II CONFERENCE: TRUST FUND II

Status of contributions and unpaid pledges for the biennium ended 31 December 1997 for Habitat II Trust Fund II: Support to Developing Countries

(United States dollars)

Countries	Unpaid pledges as at 1 January 1996	Adjustments of prior years pledges	Pledges for 1996-1997	Pledges for future years	Collections in 1996-1997	Unpaid pledges for current and prior years	Unpaid pledges for future years
France	-	-	205,740	-	205,740	-	-
Italy	137,280	4,278	211,063	-	352,621	-	-
Japan	270,000	(270,000)	270,000	-	270,000	-	-
Netherlands	-	-	184,802	-	6,143	178,659	-
Norway	7,378	-	172,316	-	179,694	-	-
Sweden	-		127,000	-	127,000	-	-
Total	414,658	(265,722)	1,170,921	-	1,141,198	178,659	-

Schedule 10.3

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS

HABITAT II CONFERENCE: TRUST FUND I

Status of allocations and expenditures for the biennium ended 31 December 1997 for Trust Fund I: HABITAT II Preparatory process

(United States dollars)

Object of Expenditure	Allocations	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	765,776 [a]	560,370	8,698	569,068	196,708
Travel	610,995	651,093	116,608	767,701	(156,706)
Subcontracts	177,175	171,137	5,965	177,102	73
Training	434,820	409,802	12,039	421,841	12,979
Equipment	44,198	56,042	-	56,042	(11,844)
Miscellaneous	562,086	427,071	63,234	490,305	71,781
Total	2,595,050	2,275,515	206,544	2,482,059	112,991

[a] Excludes $316,606 for prior period personnel costs (statement X).

Schedule 10.4

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS

HABITAT II CONFERENCE: TRUST FUND II

Status of allocations and expenditures for the biennium ended 31 December 1997 for Trust Fund II: Habitat II Support to Developing Countries

(United States dollars)

Expenditure	Allocations	Disbursements	Unliquidated Obligations	Total	Unencumbered balance
Experts, other project personnel costs	325,025	258,577	4,000	262,577	62,448
Training	1,170,986	984,663	42,876	1,027,539	143,447
Subcontracts	(22,203)	(22,203)	-	(22,203)	-
Miscellaneous	86,036	39,468	46,500	85,968	68
Total	1,559,844	1,260,505	93,376	1,353,881	205,963

Statement XI

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS

HABITAT II CONFERENCE

Consolidated Statement of assets and liabilities and fund balance as at 31 December 1997

(United States dollars)

	1997	1995
Assets		
Accounts receivable		
Contributions receivable from Public	1,000	162,175
Contributions receivable from Governments (schedules 10.1 & 10.2)	263,658	2,920,934
Other	24,819	12,736
TOTAL ASSETS	289,477	3,095,845
Liabilities		
Unliquidated obligations (schedules 10.3 & 10.4)	299,920	1,478,213
Accounts payable		
Deferred Contributions from Governments	-	2,047,744
Inter-fund balances (note 6)	1,738,488	139,785
Other	2,718	-
TOTAL LIABILITIES	2,041,126	3,665,742
TOTAL FUND BALANCE	(1,751,649)	(569,897)
TOTAL LIABILITIES AND FUND BALANCE	289,477	3,095,845

Notes to the financial statements

Note 1. United Nations Habitat and Human Settlements Foundation and its objectives

On 16 December 1974, the General Assembly adopted resolution 3327 (XXIX), by which it created the United Nations Habitat and Human Settlements Foundation. On 19 December 1977 the General Assembly adopted resolution 32/162, by which it established a secretariat (United Nations Centre for Human Settlements (Habitat)) and a governing Commission on Human Settlements. The main objectives of the Foundation are:

(a) To assist countries and regions in increasing and improving their own efforts to solve human settlements problems;

(b) To promote greater international cooperation in order to increase the availability of resources of developing countries and regions;

(c) To promote the integral concept of human settlements and a comprehensive approach to human settlements problems in all countries;

(d) To strengthen cooperation and co-participation in this domain among all regions;

(e) To ensure the harmonization of human settlements programmes planned and carried out by the United Nations system; to coordinate human settlements activities in the United Nations system, to keep them under review and to assess their effectiveness at the inter-secretariat level;

(f) To supplement the resources of the regions in formulating and implementing human settlements projects when required;

(g) To provide the focal point for a global exchange of information about human settlements; and to initiate public information activities on human settlements in cooperation with the Department of Public Information of the United Nations Secretariat;

(h) To promote collaboration with, and the involvement of, the world scientific community concerned with human settlements.

Note 2. Summary of significant accounting policies

The following are the significant accounting policies of the United Nations Habitat and Human Settlements Foundation:

(a) The accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, including the special annex of the Financial Rules of the United Nations Habitat and Human Settlements Foundation, specific decisions of the Commission on Human Settlements and administrative issuances, and in conformity with generally accepted accounting principles.

The United Nations and the Habitat Foundation follow the United Nations System Accounting Standards (A/48/530, annex), and where departures from the Standards occur as a result of decisions of the legislative bodies of individual organizations, attention is drawn to each instance in the statement of significant accounting policies included in the financial statements;

(b) The regular budget of the United Nations meets part of the costs of the secretariat of the United Nations Habitat and Human Settlements Foundation. Details of the

expenditures under the regular budget may be found in the financial report and audited financial statements of the United Nations. They are not considered further in the present report;

(c) As stated in rule 311.2 (b) of the Financial Rules of the Foundation, the purpose of the financial reserve is to guarantee the financial liquidity and integrity of the Foundation, to compensate for uneven cash flows and to meet such other similar requirements as may be decided upon by the Commission on Human Settlements. The level of the financial reserve is determined from time to time by the Governing Commission, and in accordance with paragraph 2 of resolution 2/2 of 4 April 1979, the Executive Director set up the financial reserve at a level of $281,600 in 1979 to cover the period from 1 January 1979 to 30 June 1980. The financial reserve was last adjusted in 1989 to a level of $1,002,663, equivalent to 9.89 per cent of the total programme of work of the Foundation approved by the Commission for the biennium 1988–1989. The reserve has remained unchanged since 1989;

(d) The financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services;

(e) The accounts are maintained on a "fund accounting" basis and each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature;

(f) The financial period of the Foundation is a biennium and consists of two consecutive calendar years;

(g) The income and expenditure and assets and liabilities are recognized on the accrual basis of accounting;

(h) The accounts of Habitat are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of transaction at rates of exchange established by the Controller of the United Nations. In respect of such currencies, the financial statements reflect the cash, investments and unpaid pledges in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements;

(i) Pledges are recorded as income on the basis of a written commitment by prospective donors to pay monetary contributions at a specified time or times. Pledges received for future years are recorded as deferred income;

(j) Funds on deposit in interest-bearing bank accounts are shown in the statement of assets and liabilities as cash and term deposits;

(k) Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and which will be charged as expenditure in a subsequent financial period. For balance sheet statement purposes, only that portion of the education grant advance that is assumed to pertain to the scholastic year completed at the date of the financial statement is shown under deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered;

(l) Furniture and other non-expendables are not included in the assets of the Foundation. Acquisitions are charged against the appropriate budget accounts in the year of purchase;

(m) No provision is made in the Foundation for end-of-service benefits including accrued annual leave, and for post-retirement benefits. However, provision to meet contingent liabilities for compensatory payments under appendix D to the Staff Rules of the United Nations for personnel financed under trust funds and the Foundation has been made and is calculated on the basis of 1 per cent of net base pay. There is a contingent liability for repayment of $3.31 million to the Central Emergency Revolving Fund administered by the Department of Humanitarian Affairs of the United Nations Secretariat in respect of an emergency housing reconstruction project in Lebanon;

(n) Miscellaneous income consists of the following items:

(i) Refund of expenditures charged to prior financial periods;

(ii) Monies accepted in respect of which no purpose is specified;

(iii) Uncashed cheques one year from their date of issuance;

(iv) The proceeds from the sale of surplus property;

(o) Savings from the liquidation of prior periods' obligations are credited directly to the fund balances.

Note 3. Accounts receivable

The accounts receivable balance comprises the following (in United States dollars):

Staff members	622 257
Vendors/Non-staff	28 293
Programme support costs	471 804
Total (statement VI)	**1 122 354**

Note 4. Deferred charges

(a) The following is an analysis of the amount shown in statement VI as deferred charges as at 31 December 1997 (in United States dollars):

Education grant advances	54 767
Other prepaid expenses	99 366
Total (statement IV)	**154 133**

(b) The deferred charges shown in statements II and VI represent education grant advances and other prepaid expenses, as follows (in United States dollars):

Statement II	139 991
Statement IV	14 142
Total (statement VI)	**154 133**

The portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges for balance sheet purposes only.

Note 5. Inter-fund balances receivable

The following is the breakdown of inter-fund balances receivable as at 31 December 1997 appearing in statement VI (in United States dollars):

Special account for programme support costs (statement IX)	1 912 582
Due by other funds	1 862 048
Total (statement VI)	**3 774 630**

Note 6. Inter-fund balances payable

		United States dollars
(a)	*Due to other funds*	
	Due to UNEP (unsettled debit advices)	1 366 190
	Due to the United Nations Office at Nairobi (Telecommunications bills)	666 578
	Due to other United Nations agencies	21 332
	Subtotal I (due to United Nations agencies	2 054 100
	Due to United Nations General Fund	396 754
	Subtotal II	2 450 854
	Due to other trust funds	253 258
	Subtotal III (statement II)	2 704 112
	DANIDA (statement IV)	866 816
	Total (statement VI)	**3 570 928**
(b)	*Due by Habitat II to other funds*	
	Due to Foundation (statement XI)	1 738 488

Note 7. Accounts payable

The accounts payable balance comprises the following (in United States dollars):

Staff members	310 415
Non-staff	239 295
Total (statement VI)	**549 710**

Note 8. Non-expendable property

The value of non-expandable property, at cost, at Habitat headquarters and at its offices is $1,302.950 according to the cumulative inventory records of Habitat at 31 December 1997. In accordance with United Nations accounting policies, non-expendable equipment is not included in the fixed assets of the organization but is charged against the current appropriations.

98-22123 (E) 240998